

Internal Revenue Service

Department of the Treasury

P.O. BOX 1580 GP

B'KLYN., NY 11106

District
Director

SEP 22 1987

Date: **SEP 22 1987**
Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1954.

The evidence presented reveals that your Declaration of Trust was adopted on [REDACTED].

The purpose for which the Trust is formed are as follows:

a) Primarily, the interest of the trust is to provide information to the growers, the workers, and any other interested parties so that better methods of growing can be pursued.

b) The primary objective of the [REDACTED] is to provide funds to objective, interested, third party researchers to investigate anything for the betterment of the cranberry industry.

c) To study the effects of pesticides which might be used by cranberry growers on the environment and on cranberries.

d) To study and develop techniques to control common to the cranberry industry in a manner so as to eliminate or reduce the risks of adverse effects on human health and the environment.

e) To develop, improve and promote methods of application to cranberries, to improve the safety of such application to the growers, and the public and the environment.

f) To provide the grower with information to help him not only increase his crop and product, but to do so with fewer resources, such as water and sand. This will promote integrated pest management programs and further educate the grower in this area by supporting growers meetings.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In order to qualify under IRC 501(c)(3), an organization must be both "organized" and "operated" exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational test or the operational test, it is not exempt. (Regs. 1.501(c)(3)-1(a)(1)). The organizational test relates to the rules for governing an organization and the purposes stated in its articles of organization. The operational test relates to the organization's activities.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that if more than an insubstantial part of an organization's activities is not in furtherance of exempt purposes, the organization will not be regarded as exempt.

Section 1.501(c)(3)-1(c)(1)(ii) of the Regulations provides, in part, that an organization is not organized or operated exclusively for one or more of the purposes mentioned in section 501(c)(3) of the Code unless it serves a public rather than a private interest. An organization may not be exempt if it is operated for the benefit of private individuals.

Section 1.501(c)(3)-1(d)(2) of the Regulations provides that the term "charitable" includes relief of the poor and distressed, advancement of education and science and the promotion of social welfare designed to accomplish any of the above purposes.

Section 1.501(c)(3)-1(c)(3) of the Regulations provides, in part, that the term "educational" relates to the instruction of the public on subjects useful to the individual and beneficial to the community. Museums and schools are included in the examples of educational organizations which, if they otherwise meet the requirements of section 501(c)(3) of the Code, may qualify under this section.

Section 1.501(c)(7)-1(d)(5) of the Regulations define a "scientific" organization as one carrying on scientific research in the public interest; this includes research carried on for the purpose of discovering a cure for a disease, research for the purpose of aiding in the scientific education of college or university students, and research for the purpose of obtaining scientific information to be published.

Section 1.501(c)(7)-1(d)(5)(iii) of the Regulations states that "scientific research will be regarded as carried on in the public interest (a) if the results of such research (including any patents, copyrights, processes, or formulae resulting from such research are made available to the public on a nondiscriminatory basis; (b) if such research is performed for the United States, or any of its agencies or instrumentalities, or for a State or political subdivision thereof; or (c) if such research is directed toward benefitting the public."

The main objective of [REDACTED] is to provide research funds to study all aspects of cranberry horticulture and as a result of this research, those people engaged in agricultural pursuits will benefit. Also, the organization will study specialized applications of various equipment and growing techniques that will benefit field workers as well as growers.

The organization also states that the primary objective of the [REDACTED] is to provide funds to objective, interested, third party researchers to investigate anything for the betterment of the cranberry industry. The primary beneficiaries of the organization's research are those engaged in the cranberry industry, thus the organization is serving substantial private interests.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(7) of the Code and propose to deny your request for exemption under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.


If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,


District Director

Enclosure: Publication 892